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C O N F I D E N T I A L SECTION 01 OF 02 PRAGUE 000469

SIPDIS

E.O. 12958: DECL: 04/01/2015

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SUBJECT: CZECH PM GROSS SURVIVES NO-CONFIDENCE VOTE WITH
HELP OF COMMUNIST ABSTENTIONS; FUTURE STILL UNCERTAIN

REF: PRAGUE 444

Classified By: Political-Economic Counselor Mike Dodman for reasons 1.4
b+d

1. (C) Summary: Czech PM Gross survived a no-confidence vote on April 1 thanks to abstentions from the Communist Party. Further resignations from Gross's cabinet are likely, and it is possible that the remaining coalition partner, Freedom Union, will withdraw. Despite his victory, there are increasing calls for Gross's resignation, and some within his own party are even mentioning it as a possibility. President Klaus is likely to be active in the coming days working towards this end; after the no-confidence vote he demanded that Gross promise to request a vote of confidence for any new cabinet. End summary.

2. (U) The April 1 vote of no-confidence follows Gross's election March 26 as head of the Social Democratic Party, CSSD (reftel), and the March 30 decision of the Christian Democrats (KDU-CSL) to withdraw from the coalition. The vote of no-confidence was called by the opposition ODS. Voting in the 200-member Chamber of Deputies took place largely along party lines: 78 deputies (all of ODS and KDU-CSL) were in favor of toppling the government; 76 (CSSD plus 7 deputies from the Freedom Union) voted to support the government; and 44 abstained: all of the Communists and 3 from Freedom Union. 101 votes were needed to vote the government out of power.

3. (U) In his speech before the no-confidence vote, Gross promised to submit a conflict of interest bill, demanded by the communists and the Freedom Union, as well as a bill on a "reasonable and socially tolerable adjustment of housing rents" -- clearly an incentive to the communists. ODS Vice-Chair Vlastimil Tlustý gave an impassioned speech after the vote, saying the Prime Minister had lost his mandate and adding that the country had become a hostage to the communists. KDU-CSL Vice Chair Jan Kasal also spoke, saying that Gross should now submit himself to a vote of confidence, a suggestion that received a great deal of applause, but for which there is no constitutional requirement.

4. (SBU) The reaction of the remaining government ministers and President Klaus will determine the next stage of the long-running crisis. The Freedom Union leadership will meet the afternoon of April 1 to decide whether to remain part of the governing coalition. Freedom Union leaders had earlier said they would not stay in a government dependent on the communists. Freedom Union has three seats in the cabinet, Defense, Justice, and Information. The Information Minister, Mlynar, has already made clear he will resign if his party does not withdraw. In addition, several CSSD ministers (including Education Minister Buzkova, Culture Minister Dostal, and Trade Minister Urban), as well as independent Minister without Portfolio Bures, had earlier said they would resign if a communist-supported minority government appeared likely.

5. (C) The President will take a leading role in the coming days, both publicly and behind the scenes, to create a coalition government that does not involve the communists. He told visiting Deputy Secretary Zoellick on March 31 that he would "test his constitutional authority" in the event that a minority government appeared to be likely, as is now the case. Among the duties accorded the President in the Czech Constitution is that he "accepts" the resignations of ministers. Gross on March 31 presented Klaus with the resignations of the three KDU-CSL ministers (Foreign Minister Svoboda, Environment Minister Ambrozek, and Transportation Minister Simonovsky). Klaus has not yet formally "accepted" these resignations. In a meeting with Ambassador on March 24, KDU-CSL Chairman Kalousek had said that Klaus would follow exactly this tactic in order to force negotiations with the leading parties.

6. (U) On the afternoon of April 1 Klaus stated publicly that he would not act on the resignations until he had a promise from Gross that he will seek a vote of confidence in a new cabinet.

7. (C) There is increasing talk that pressure from the President and across the political spectrum could eventually force Gross to resign. Following the vote of no-confidence we heard this for the first time from a CSSD insider. One

name in play as a possible replacement is Minister Bures, a former judge and Justice Minister, currently Minister for Legislative Affairs.

18. (SBU) PM Gross on March 31 announced his nominees to replace the three KDU-CSL ministers who have resigned. Jan Kohout, Czech Permanent Representative at the EU and former Deputy FM, would replace Svoboda; the Executive Director of the National Transport Fund, Pavel Svagr, would become the new Minister of Transportation; and CSSD parliamentarian Radko Martinek would get the Minister of Environment post. Kohout is a well respected professional, close to CSSD, who would be instrumental in keeping Gross's pledge to maintain consistency in Czech foreign and security policies no matter what the composition of the government. The three nominations, and any others that may come to replace additional resignations, are not formally presented to the President until he accepts the resignations of the previous ministers.

19. (C) Comment: Events have moved quickly since the Easter weekend CSSD party congress, a reflection that all party and government leaders seem to realize the long-running crisis needs to come to an end. We expect a busy weekend of negotiations, with the President's active participation. There will be increasing pressure for Gross's resignation from all quarters. Other bargaining items on the table remain a date for early elections, the conclusion of the Cesky Telecom privatization, and the date of a referendum on the EU Constitution. While a Gross-led minority government dependent on the communists remains a real possibility, the President's opposition to such an arrangement increases the chances that a new government will emerge, either recreating the previous three-party coalition or taking a more technocratic shape (i.e., with the President exerting increasing authority).

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